

Message Text

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SUBJECT: COUNTRY STUDIES FOR NONFUEL MINERALS POLICY
REVIEW

REF: STATE A-2631

1. AS EMBASSY AWARE, CANADAAS MAJOR MINERALS PRODUCER AND U.S. ALLY HAS BEEN INCLUDED IN COUNTRY STUDIES FOR NON-FUEL MINERALS POLICY REVIEW. ("PROBLEM AREA 2" ON PGS. 16-19 OF PROJECT MANAGEMENT PLAN, TRANSMITTED TO POST VIA REFAIR.) POST RESPONSE TO THIS MESSAGE W-LL BE THE BASIC COMPONENT OF THE STUDY ON CANADA.

2. REFERENCES TO PREVIOU. FOREIGN SERVICE REPORTING AND OTHER SOURCES AVAILABLE IN WASHINGTON MAY BE INCLUDED IN RESPONSES TO QUESTIONS BELOW. IN ORDER THAT MATERIAL MAY BE SEEN IN CONTEXT, HOWEVER, AND TO ASSURE THAT THE DEPARTMENT BENEFITS FULLY FROM POST'S BEST CURRENT INFORMATION AND JUDGMENT, REPLIES TO QUESTIONS SHOULD BE AS SELF-CONTAINED AS POSSIBLE. CLASSIFIED INFORMATION MAY UNCLASSIFIED

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BE USED, BUT SHOULD BE IDENTIFIED AND SO ARRANGED THAT AS MUCH AS POSSIBLE OF THE RESPONSE MAY BE EXTRACTED FOR THE PUBLIC DOCUMENTS OF THE STUDY. WHERE APPROPRIATE, RESPONSES SHOULD FOCUS ON THE MINERALS SELECTED FOR SPECIAL

EMPHASIS IN THE REVIEWAS LISTED ON PAGE 4 OF PMP.

3. REPLY DUE IN THE DEPARTMENT BY SEPTEMBER 22.

4. QUESTIONS:

A. OVER THE REMAINDER OF THIS CENTURY IS THE SIZE AND STRUCTURE OF THE CANADIAN POPULATION, SOCIETY, AND ECONOMY LIKELY TO CHANGE IN WAYS WHICH WOULD SIGNIFICANTLY ALTER THE CANADIAN MINERALS INDUSTRY'S PRODUCTION AND TRADE PATTERNS? IF SO, HOW?

B. TO WHAT EXTENT WILL THE PRICE OR SUPPLY OF CANADIAN MINERALS TO THE U.S. BE AFFECTED BY CHANGES IN CANADIAN INTERNAL AND INTERNATIONAL MINERALS POLICIES? WE NOTE, FOR EXAMPLE, THAT A 1974 GOVERNMENT MINERALS POLICY REPORT ("TOWARDS A MINERAL POLICY FOR CANADA: OPPORTUNITIES FOR CHOICE") CRITICIZED EARLIER MINERALS POLICIES AS EXCESSIVELY GROWTH-ORIENTED, THE REPORT SUGGESTED THAT GREATER ATTENTION SHOULD BE GIVEN TO:

1. INCREASING DOMESTIC MINERALS PROCESSING AND USING THE NATION'S MINERAL ENDOWMENT AS A BASE TO EXPAND AND DIVERSIFY THE ECONOMY.

2. INCREASING THE RETURNS TO CANADIANS FROM EXPORTABLE MINERAL SURPLUSES.

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3. SECURING ADEQUATE LONG-TERM SUPPLIES FOR THE DOMESTIC ECONOMY, INCLUDING SUPPLIES FOR "STRETCHED-OUT" DEVELOPMENT WHERE THIS IS IN CANADA'S INTEREST.

WHAT IS CANADA DOING TO ACHIEVE THESE GOALS? IS IT SUCCEEDING? WHAT ARE THE IMPLICATIONS FOR THE U.S. OVER THE TIME FRAME (TO 2000) OF THIS STUDY? (SEE ALSO QUESTIONS 2.2 AND 2.3 PG. 18 PMP).

C. ARE THERE FORESEEABLE CONDITIONS UNDER WHICH CANADA COULD CEASE TO BE A RELIABLE SUPPLIER OF NONFUEL MINERALS AND A SAFE PLACE TO INVEST IN NEW SUPPLIES? IF YES, DESCRIBE HOW LIKELY ARE THESE CONDITIONS TO OCCUR? (SEE ALSO PARA 2, PART B PAGE 16 OF PMP).

D. HOW IS CANADA SEEKING TO ASSURE LONG TERM SUPPLIES OF MINERALS SUCH AS CHROME, COBALT, MANGANESE, MOLYBDENUM, AND PHOSPHATES ON WHICH IT IS IMPORT DEPENDENT? HAVE STOCKPILES BEEN CONSIDERED? HOW WOULD THEY OPERATE?

E. IS CANADA LIKELY TO SIGNIFICANTLY INCREASE MINERALS TRADE WITH THE SOVIET UNION OR CHINA? IF SO, HOW WOULD

THIS AFFECT U.S. INTERESTS? (SEE ALSO QUESTIONS 2.4, PG. 18, PMP).

F. DO CANADIAN MINERALS PRODUCERS AND THE GOVERNMENT SEE LDC'S PRIMARILY AS COMPETITORS IN WORLD MINERALS MARKETS OR AS POTENTIAL ALLIES IN EFFORTS TO IMPROVE THE TERMS OF TRADE FOR MINERALS PRODUCERS? WHAT DOMESTIC FORCES SHAPE CANADIAN POLICIES IN NORTH/SOUTH RELATIONS? HOW IS POLICY IN THIS AREA LIKELY TO EVOLVE OVER THE TIME FRAME OF THE PRESENT STUDY?

G. DESCRIBE THE NATURE OF AND TRENDS IN THE FEDERAL-PROVINCIAL RELATIONSHIP WITH RESPECT TO MINERALS POLICY AND MANAGEMENT. IS GOVERNMENT'S ROLE VIS A VIS THE PRI-UNCLASSIFIED

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VATE SECTOR EXPANDING OR CONTRACTING?

H. HOW IS THE CHANGING WORLD ENERGY SITUATION AFFECTING CANADA'S ROLE AS AN INTERMEDIATE PROCESSOR OF BAUXITE AND ALUMINA? WHAT IS THE PROBABLE DIRECTION OF GOVERNMENT POLICY TOWARD THIS INDUSTRY?

I. DESCRIBE CANADIAN CONCERNS ABOUT THE IMPACT OF DEEP SEABED SOURCES ON THE WORLD NICKEL MARKET.

J. DOES U.S. FOREIGN POLICY TOWARD CANADA TAKE U.S. MINERALS INTERESTS ADEQUATELY INTO ACCOUNT? IF NOT, WHAT CHANGES WOULD BE REQUIRED TO BETTER PURSUE THESE INTERESTS? HOW WOULD A MORE MINERALS-ORIENTED FOREIGN POLICY AFFECT OTHER U.S. INTERESTS WITH RESPECT TO CANADA?

K. WHAT U.S. FOREIGN AND DOMESTIC ECONOMIC POLICIES ARE MOST HELPFUL/HARMFUL TO OUR MINERALS INTERESTS IN CANADA? (SEE ALSO QUESTIONS 2.9 AND 2.10, PG 19, PMP). CHRISTOPHER

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